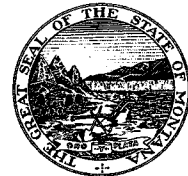




Dan Bucks  
Director

# Montana Department of Revenue



Brian Schweitzer  
Governor

## Memorandum

To: Senator Story

From: Larson Silbaugh, Economist

Date: January 21, 2009

Subject: Median household income when Elderly Homeowner Renter Credit income eligibility was determined

SENATE TAXATION

EXHIBIT NO. 1

DATE 1-23-09

BILL NO. Na

### Question

What was the median income when \$45,000 was set as the top rate for the elderly home owner renter credit? What was the median income when \$35,000 was set as the income limit? What is the median income now and how does it compare to \$59,000?

### Answer

The Elderly Homeowner Renter Credit was enacted by the 1981 legislature. There was no income limit to determine taxpayer eligibility.

HB 591 in the 1997 session established that taxpayers must have less than \$35,000 to be eligible for the elderly homeowner renter credit. The department does not have any information on how this income level was determined.

HB 424 in the 1999 session amended 15-30-172 (d), MCA to increase the income limit to \$45,000 and added the income brackets in 15-30-176. The income brackets phase out the elderly homeowner renter credit for taxpayers that have income between \$35,000 and \$45,000. The department does not have any information on how the \$45,000 income limit was determined.

The table below has median Montana household income estimates from various federal data sources and how they compare to the income limits of the elderly homeowner renter credit:

	Median Household Income (a)	Income Limit for Elderly Homeowner Renter Credit (b)	Percent of Median Income to Income Limit (a/b)
1997	\$29,672*	\$35,000	84.8%
1999	\$33,024**	\$45,000	73.4%
2007	\$42,426***	\$59,000	71.9%

Source

\* 2000 City County Data Book

\*\* 2000 Census (in 1999 dollars)

\*\*\*2007 American Community Survey